

Dr. & Mrs. Glenn Acree
213 Heather Drive
Franklin, TN 37069

99-00507

July 10, 2000

Mr. Melvin Malone
Chairman- Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Mr. Malone,

Our family lives in the Cottonwood subdivision in Franklin, Tennessee and we are very disturbed by the recent rate increase for sewer services by Lynnwood Utility. We previously paid a flat \$17 a month for sewer services. This rate was based on the number of bedrooms in our house. We have lived in Cottonwood about three years, but understand the same flat rate has been charged since the subdivision was built. Since the rate increase in March, our sewer bills have been \$68 in April and \$55 in May. This coupled with our already high water rate amounts to a significant monthly bill for water and sewer services.

Since moving to Franklin we have always felt our water rates were high. Our water bill has averaged \$57 per month for the last 12 months. We previously lived in Winston-Salem, NC in a similar size house with the same number of bathrooms and family members. Our water and sewer bill combined averaged around \$50 **bi-monthly**. Prior to living in North Carolina, we lived in Stone Mountain, Georgia. Our house in Georgia was smaller but we still had two bathrooms and similar water usage. Our **bi-monthly** water and sewer bill ran about \$40. We did live within the city limits in both of these towns and understand that our rates were lower due to being within the city limits. However, living outside the city limits in Franklin should not result in a water bill, excluding sewer, to be double what we were paying for water and sewer combined.

Now we have the sewer rate increase by Lynnwood Utility. In May we paid a whopping \$133.84 for water and sewer services for a one-month period. In June the combined bill was \$106.83. We believe the \$5.77 rate per 1,000 gallons being charged by Lynnwood Utility is excessive. In a June 6th article in the *Williamson A.M.*, the water and sewer rates for the city of Franklin and neighboring communities were given. The sewer rate for customers living in Franklin, but outside the city limits, was \$3.872 per 1000 gallons, for 10,000 gallons usage. Inside the city limits of Franklin, the rate went down to \$2.275 per 1000 gallons, for 10,000 gallons usage. If you compare the \$3.872 rate to our \$5.77 rate, we are paying approximately \$19 more per month (at a usage of 10,000 gallons per month) or \$228 more per year.

As concerned homeowners in Cottonwood we ask that you reconsider your approval of Lynnwood Utility's requested rate increase. Our sewer bill is going from \$17 per month, or \$204 per year, to approximately \$55-\$60 per month, or \$660-\$720 per month. The additional \$400 to \$500 more per year will be difficult for our family budget and this monthly bill was not expected when we moved to this area. Thank you for your attention and review of this matter and we look forward to hearing good news after the July 11th meeting where our Petition for Reconsideration will be reviewed.

Sincerely,

Kim Acree

Glenn Acree

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2

99-00507

Dear Mr. Malone,

I am writing to seek your help and the help of the TRA to stop the outrageous rate increase currently before your organization. The new rate proposed by Lynwood Utility is many times higher than any other sewer service in our area and is an increase of several hundred percent !!!!!

It is hard enough to raise a family these days - please don't allow this injustice to make it even harder to make ends meet.

Thank you for your consideration,

Rich Gootee, 1208 Gillette Ct. Franklin, TN. 37069

Get Your Private, Free E-mail from MSN Hotmail at <http://www.hotmail.com>

Phillip M. Proctor
185 Cottonwood Drive
Franklin, TN 37069

July 7, 2000

Mr. Melvin Malone
Chairman - Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

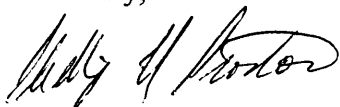
RECEIVED
MELVIN MALONE
JUL 10 2000
TN REGULATORY AUTHORITY
99-00507r

Dear Mr. Malone:

I have been a resident of Cottonwood for 13 years and in that time have always had reasonable water & sewer rates. I have been to every meeting since 1996 regarding the expansion and sale of Lynnwood Utility by Dave Terry & Associates. We in Cottonwood were told our rates would not increase. This is out right **fraud**; my water/sewer bill is now 300% higher than 6 months ago. It is obvious to the residents here that Cottonwood is paying not only for the upgrade of the treatment plant, but also for its expansion for Legends Ridge and River Landing subdivisions.

I am convinced that the present owners of Lynnwood Utility will say anything to get what they want whether it be true or not to reach their goal of building more homes and making more money. This is proven by our dramatic increase in our water/sewer rates. These people must be investigated! Thank you for your attention on this matter.

Sincerely,



Phillip M. Proctor

July 6, 2000

RECEIVED
MELVIN MALONE

JUL 10 2000

Mr. Melvin Malone
Chair, Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

TN REGULATORY AUTHORITY

99-00507

Dear Mr. Melvin Malone,

I am a Cottonwood resident and a customer of Lynwood Utility. I would like to inform you of my opposition to the recent rate hike granted to Lynwood Sewer Utility. First, it is my belief that the current owners are passing on the debt they assumed from Dave Terry to us the customers in Cottonwood via the rate increase. It is my understanding that this debt was approximately \$300,000 and resulted from the waving of tap fees to residents in Legends Ridge. Irresponsible management should not be underwritten on the financial backs of Lynwood's existing customers. This sets a bad principle of allowing business to operate without jeopardy of failure and financial loss. They should not be allowed to pass on these losses to their customers who had nothing to gain from the venture. Second, I believe the rate hikes are out of line with the current market rate for other sewer service providers in this surrounding community. Our rates at \$5.77/thousand gallons is almost double other rates. It has resulted in almost a 200% increase from our previous bill. Third, customers under the approved rate structure are being billed for gross water usage year round regardless if the waste goes through house to the sewer or the water is used for irrigation of landscaping. Why should Lynwood be allowed to collect fees on water they do not have to process though facility.

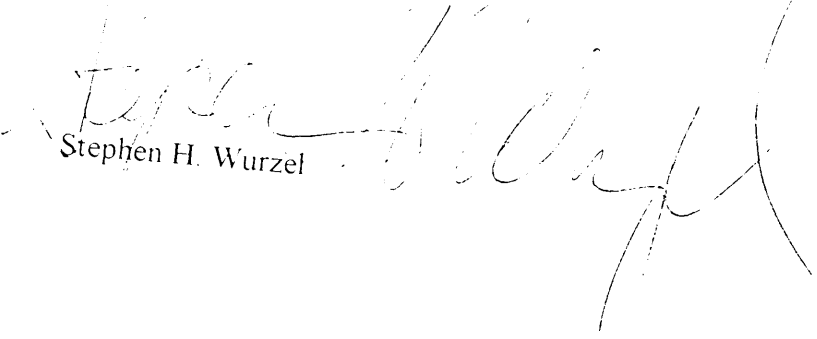
Consider this as well, according to Lynwood's own profit and loss forecast for 2000, they are meeting operating expenses with revenue. The directors should be aware that the capacity of Lynwood before the recent upgrade was around 250,000 per day. After the expansion, the new capacity is around 600,000 gallons per day. With the existing base of customers, Lynwood is only utilizing about 50% -60 % of this new capacity. Yet, they are charging their customers a rate to cover all their operating expenses and overhead as if they were operating at full capacity and their were not going to be any additional customers. When all the customers in Legends Ridge and Rivers Landings are hooked up, as in their plan, their revenues will not only exceed operating expenses but their allowed 8% return on investment. Plus, they will still be operating at around 75%-80% capacity, allowing them to seek out new customers and expand revenue

further. It is obvious that whatever new customers they add will only contribute to a gross profit far beyond what the TRA had in mind as a fair profit.

I do not understand why the TRA did not consider structuring the rates at a fee level based on real usage growth and capacity of at least 80% or more. I believe that Lynwood should project their future revenue with this growth in mind and based their fees more modestly keeping in mind the economies of scale they will gain from near or full capacity and usage.

When you next consider the Lynwood case on your agenda in July keep these facts in mind. I urge you to vote for a restructuring of Lynwood's fees or at least to put a hold on the rate increase until further consideration is given to the facts I have presented in this communication. Also, whatever rate structure we are billed under should also include consideration for the use of water for irrigation of my lawn. Lynwood should not be allowed to collect fees for any water usage they have not processed through their plant. It is my understanding that rate averaging is the standard method used to alleviate this problem. Please consider this as well.

Sincerely,


Stephen H. Wurzel

From: "Hamburg" <gandphamburg@home.com>
To: "Marsha Blackburn" <sen.marsha.blackburn@legislatu...
Date: 7/10/00 6:43am
Subject: Lynwood Utility Rape Increase

As a user of this sewage system, I want to express my extreme concern of the fairness of the recent rate increase.

I have lived in Cottonwood for 22 years and have never felt I have gotten the shaft like this before. It seems very obvious to me that we are being asked to fund the upgrade and expansion to allow more users. It would seem to me that the new owners, who bought it to be able to develop new properties, should pay the upgrade!

I now understand that our rates are 70% higher than those around us. How can you allow us to go from a well working fair system to such an unfair system?

I hope when you take action tomorrow on the Petition for Reconsideration you will do the right thing and put the burden of finance where it belongs...with Mr. Terry and Smith, Crowe, Wilson, LLC.

Sincerely,

Gary N. Hamburg
166 Riverwood Dr.
Franklin, TN 37069

From: "Rick Wimberly" <rwimberly@dccusa.com>
To: <mmalone@mail.state.tn.us>, <skyle@mail.state.tn.u...
Date: 7/10/00 11:48am
Subject: Lynnwood Sewar's Horrible Rate Increase

99-00507

Certainly, prices sometimes go up...but, I don't recall ever being subjected to such a drastic and unjustified increase for any service as the increase being forced upon us by Lynnwood Utility. We strongly encourage you to reconsider the Lynnwood increase.

When new ownership purchased the Lynnwood facility and proposed to add other neighborhoods to the facility, we were ASSURED and PROMISED that we would not be subjected to a significant increase. I recall the meetings vividly. Yes, improvements were needed and, yes, we anticipated some increase...but, certainly not the 300% to 400% increase we're seeing. I, in fact, sent my first increased bill back to Lynnwood, confident they had made a mistake, and was shocked to learn that no mistake had been made.

Surely you can imagine how we feel. We still are exposed to pungent odors from the plant. (We interrupted a neighborhood dinner party Saturday night and called the natural gas company out, thinking our neighbors were experiencing a natural gas leak. When the United Cities serviceman arrived, his instruments showed the odor was methane gas...in other words, sewer gas from the Lynnwood plant). We see construction of very upscale large neighborhoods all around us which are to benefit from the Lynnwood plant in our neighborhood. And we, after being assured exactly the opposite, are paying an exorbitant price increase.

Please reconsider the rate increase. It's unfair for Cottonwood residents to pay the load of the new, very upscale neighborhoods being built. It's unfair for us to have been misled. It's unfair for our sewage rates to be tied to our water use. It's unfair for us to be paying significantly higher rates than other neighborhoods.

I apologize for not being able to attend the meeting on July 11th. If the out-of-town engagement could be changed, it would have been.

I anxiously await your decision.

Regards,

Rick Wimberly
106 Gillette Drive
Franklin, TN 37069
794-2803
791-3967

July 3, 2000

99-00507
REC'D TN
REGULATORY AUTH.

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OFFICE OF THE
EXECUTIVE SECRETARY

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Pkwy
Nashville, TN 37243-0505
FAX: 741-0515

Dear Mr. Waddell,

I am writing you in response to the article in the Williamson AM this past Thursday. Needless to say I was quite surprised and as you could imagine, a little upset in the fact that I was unavailable to respond with any information. Therefore I would like to address these issues herein.

1. Tap Fees at Legends Ridge - Being a principal of both Legends Ridge and, at the time Lynnwood Utility, apparently an error was made in waiving tap fees for the first sections of Legends Ridge. We were informed that this was not an acceptable policy. I have corrected this error and Legends Ridge, LLC has come to an agreement with the present owner of Lynnwood Utility to pay these tap fees. I believe the Petition states that this issue be considered for the increase in tap fees (new construction) not for the rate increase issue.
2. Overbilling Walnut Grove Elementary School - During the 2 year ownership of Lynnwood Utility we employed the same bookkeeper, accounts receivable and CPA firm as the previous owner. We billed what the previous owner had billed and this has been confirmed by all accounting personnel. It is my understanding that the billing rate for Walnut Grove was established, when the school was first built, by a third party and all rates were approved by the then Public Service Commission. The current Petition states that under the NEW proposed rates and customer water usage there is apparently an overbilling. Is that an overbilling - or a reduction based on a NEW billing procedure.
3. All accounting and tax preparation was done by Kraft CPA. The TRA requires that all tax returns be submitted for review and possible audit. Any and all accounting is available to answer any financial questions you might have. The facility has been in an anemic financial situation for along time. All financials will verify that.

In your pursuit to look into these issues we will be very willing to assist you in any possible way we can. I would also request that you inquire with State Officials and Inspectors, the plant engineers - past and present, the consulting engineers and all accounting personnel. You will then discover that due to lack of a rate increase over the Past 18 Years the facility did not have the capital to upgrade and maintain itself properly. The only reason the facility was acquired was to correct the several compliance issues. The plant was upgraded immediately with a new clarifier and new aeration equipment so that it could then operate per State requirements.

I have also enclosed a memo dated August 24, 1998, which was sent out to all Cottonwood Homeowners, that updated the residents of the Lynnwood situation. Also be advised that we did approach the Cottonwood HOA Board at one of the monthly meetings with the proposal that they (the HOA) pursue the ownership of Lynnwood Utility prior to its acquisition by the present owner. This should be noted in the Board meeting minutes.

It's such an unfortunate and personally damaging situation that misinformation, incomplete truths and important facts have been left out and there is very little an individual can do. Even if all the facts are recognized at a later date, the personal damage can never be reversed. Therefore I hope you can be expedient in your review process and find closure with my involvement as to these issues. Everyone will agree that an increase in rate structure was needed, however, the amount is the issue for the current parties involved.

Sincerely,

David A. Terry

cc: Cottonwood Homeowners
Legends Ridge Homeowners
Bob Adgent - Williamson County Planning Director - Via FAX
Stan Tyson - Williamson County Commissioner - Via FAX
Nancy Williams - Williamson County Commissioner - Via FAX
Richard Collier - Tennessee Regulatory Authority - Via FAX
Charlie Reasor - White & Reasor, PLC - Via FAX
Nader Baydoun - Baydoun & Reese - Via FAX

enclosures: Memo dated August 24, 1998, to Cottonwood Residents

LYNNWOOD UTILITY CORPORATION

August 24, 1998

Mr. Randy Jones
Cottonwood Homeowners Association Board
170 Cottonwood Drive
Franklin, TN 37069

Dear Randy,

We have discussed the History of the Lynnwood Plant at your Board meetings on several occasions. In light of the recent articles I think it is necessary for the residents of Cottonwood to receive additional information.

History

The Lynnwood Plant was built approximately 18 years ago to service the Cottonwood development and a proposed Cottonwood II. The facility was permitted 600,000 gal/day but its design features would only accommodate approximately 127,000 gal/day. Most of the original equipment was still in place until the recent upgrade. The Lynnwood District had approved additional taps for Legends Ridge in 1995 when the project received county approval. After the first 20 taps were issued I learned that there were compliance issues and maintenance/operating issues. These issues would not only jeopardize the completion schedule of Legends Ridge but cost all users substantial improvement dollars. I could never receive an answer as to how and when these issues were going to be resolved or by whom. In June 1996 I acquired the facility to correct the issues and complete Legends Ridge. I immediately contracted our Engineers to do a Engineering Evaluation Report of the facility. We put a plan in place with the following goals in mind:

1. Bring the plant back into compliance.
This has been a 2 year project.

<u>Item</u>	<u>Time Frame</u>
Engineering Report	6 months
Construction Plans	3 months
County Approvals	3 months
State Approvals	3 months
Construction	9 months

2. Maintain the existing rate structure to Cottonwood and not have an assessment for the upgrade.

Plant upgrade can either be funded with debt (loans or bonds) or with capital from new development. With debt rates must increase. The Legends Ridge Project has been able to fund (\$400,000) the initial upgrade.

2

3. Assist Farmington, Meadowgreen and Hillsboro Acres in obtaining some type of sewer system.

This in itself would be a tremendous benefit to the entire Lynnwood basin. Many homes in these communities are experiencing septic tank failure and some septic fields that were built in the flood zone have tremendous sewage problems in the event of any rainfall.

We have also been working on this for the past 2 years and many residents of these communities have put in a lot of time and effort with Lynnwood to find a solution.

In a two year period we have accomplished several things:

1. The upgrades are in places that will bring the plant into compliance
2. Cottonwood rates have not increased and no assessments have been requested.
3. We now have the capital available from the River Landing Project (\$800,000) to build the necessary plant capacities required not only for River Landing but for Farmington, Meadowgreen and Hillsboro Acres. This capital will also provide additional upgrades to the Cottonwood System.

Plant Capacity

The plants present design for 200,000 gallons/day handles the following:

- 483 Cottonwood
- 1 Walnut Grove Elementary
- 150 Legends Ridge
- 62 Available for River Landing

We have requested to increase the facility to 400,000 gallons/day for the following:

- 125 Balance of River Landing
- 96 Farmington (Existing Homes)
- 223 Meadowgreen (Existing Homes)
- 143 Hillsboro Acres (Existing Homes)
- 20 Chapelwood (Existing/New Homes)
- 1 Church of Christ (Existing Church)

We could reduce this request to an additional 40,000 - 50,000 gallons/day if we were only interested in expansion for River Landing. But we now have the ability to have capacity in place, paid by new development, as we try to provide affordable service for existing homes. Secondly, the basic economics of running the Lynnwood facility requires more users.

Cottonwood

The HOA Board has been very helpful and I appreciate the support that they have given Lynnwood while these upgrades were being handled. They communicate on a regular basis and always address issues and concerns.

Next Step

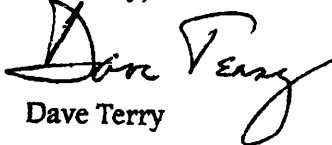
We have contracted a firm to clean and televise approximately 29,000 linear feet of the sewer line in Cottonwood. This work will include jetting, root cutting, removal of debris and television inspection. This work will allow us to locate any damaged pipelines and establish a repair schedule.

The contractor does need access to the manholes in the streets so please send notice to all homeowners to be careful of men and equipment in the streets. This work will occur over the next 60 days.

In Closing

Lynnwood has been a serious problem. With the upgrades in place Lynnwood can now be an answer to other issues in the Lynnwood Basin. Those that are aware of all the issues have been very supportive and I appreciate that support.

Sincerely,



Dave Terry